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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Amendment of the Commission's) WT Docket No. 97-82
Rules regarding Installment Payment)
Financing For Personal Communications)
Services (PCS) Licensees)

REPLY COMMENTS

AT&T Wireless Services, Inc. ("AT&T"), by its attorneys, hereby submits its reply comments on the Further Notice of Proposed Rulemaking in the above-captioned proceeding.¹ AT&T limits its comments to one issue: the desirability of establishing a reserve price for the reauction of C block licenses and at what level that bid should be set.

Although AT&T did not participate in the C block auction and likely will not be eligible for any reauction, as a party that has purchased significant spectrum through competitive bidding, AT&T has an interest in maintaining the integrity of the auction process. Every entity that acquires spectrum fairly in the auction process is disadvantaged if some parties are permitted to game the process. For this reason, the Commission should use meaningful reserve prices to prevent C block licensees from walking away from their financial obligations with the hope that they can pick up their licenses again in a new auction for a small fraction of what they originally paid. As Commissioner Ness explained, the C block auction "was conducted properly, [the]

¹ Amendment of the Commission's Rules Regarding Installment Payment Financing For Personal Communications Services (PCS) Licensees, WT Docket No. 97-82 Second Report and Order and Further Notice of Proposed Rulemaking (rel. October 16, 1997) ("Second Report" or "Notice").

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rules were clear, and numerous licensees stand ready to meet their payment obligations fully and on time.”² While the Commission has decided to provide financially strapped C block licensees with some relief, it should ensure that its reauction rules do not undermine the fairness of the competitive bidding process.

In the Notice, the Commission correctly recognized that Congress has established a presumption in favor of reserve prices or minimum opening bids.³ Here, to prevent a windfall to C block licensees who take advantage of the Commission’s attempts to provide limited assistance and to ensure that the people of the United States receive fair value for the spectrum, the Commission should sell returned licenses for not less than 50 percent of the corresponding high bid for the market in the original C block auction. While the Commission has utilized minimum opening bids in other auctions, because of the unique circumstances here, it is appropriate to set a reserve price. Unlike the initial sale of spectrum, the Commission now has to *reauction* licenses and it should not allow previous C block winners abuse the amnesty option by reacquiring the same licenses at a fraction of the original price. Clearly, the Commission did not intend, through the limited relief provided to C block winners, to give licensees vastly more favorable terms the second time around. Such a result would be unfair to all licensees – not just C block licensees – who have counted on the Commission to enforce its competitive bidding rules.

² Second Report, Separate Statement of Commissioner Susan Ness at 1.

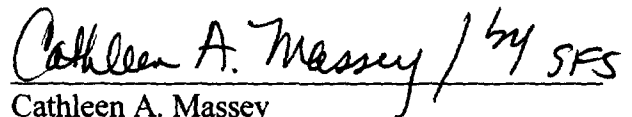
³ Notice at ¶ 92 (citing Balanced Budget Act of 1997, P.L. 105-33, 111 Stat. 251 (1997)).

CONCLUSION

For the foregoing reasons, AT&T respectfully requests that for the upcoming C block reauction, the Commission set a reserve price of 50 percent of the corresponding high bid for the market in the original C block auction.

Respectfully submitted,

AT&T WIRELESS SERVICES, INC.

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November 24, 1997

CERTIFICATE OF SERVICE

I, Tanya Butler, hereby certify that on this 24th day of November, 1997, a copy of the foregoing "Reply Comments" was delivered by hand delivery on the following:

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